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CLERK U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIF.  
LOS ANGELES

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6 Attorneys for Plaintiff Southwest Paper Company, LLC

7  
 8 **UNITED STATES DISTRICT COURT**  
 9 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**  
 10 **WESTERN DIVISION – UNITED STATES COURTHOUSE**

11  
 12 **SOUTHWEST PAPER COMPANY, LLC, a**  
 13 **California limited liability company,**

14 **Plaintiff;**

15 **HANSOL PAPER, a foreign corporation; 8 NET,**  
 16 **INC., a California corporation; GLOBAL FIBRES**  
 17 **INC.; a California corporation; and Does 1 to 10**  
 18 **inclusive,**

19 **Defendants.**

Case No: **CV12-08721(CAS)(PZx)**

Assigned to:  
 Hon.  
 Dept.

**COMPLAINT FOR:**

1. **VIOLATION OF 15 U.S.C. § 13(a)  
PRICE DISCRIMINATION**
2. **VIOLATION OF 15 U.S.C. § 13(f)  
KNOWINGLY INDUCING OR  
RECEIVING DISCRIMINATORY  
PRICE**
3. **VIOLATION OF 15 U.S.C. § 1114 *et seq.*  
TRADEMARK INFRINGEMENT**
4. **VIOLATION OF 15 U.S.C. § 1125 *et seq.*  
TRADE DRESS INFRINGEMENT**

[Jury Trial Demanded]

24 COMES NOW THE Plaintiff Southwest Paper Company, LLC, a California limited liability  
 25 company (hereinafter referred to as "Plaintiff"), in its Complaint against Defendant Hansol Paper, a  
 26 foreign corporation (hereinafter referred to as "Hansol"), Defendant 8 NeT, Inc., a California  
 27 corporation (hereinafter referred to as "8 NeT"), Defendant Global Fibres, Inc., a California corporation  
 28

(hereinafter referred to as "Global"); and Does 1 to 100 (collectively hereinafter "Defendants"), and alleges as follows:

### **PARTIES, JURISDICTION, AND VENUE**

#### **Plaintiff**

1. Plaintiff is a limited liability company organized and existing under the laws of the State of California, having its principal place of business in the city of Bell, California, and doing business within this judicial district.

#### **Defendants**

2. Plaintiff is informed and believes, and thereupon alleges that Hansol is a foreign corporation with its United States headquarters and principal place of business located in the City of Fort Lee, State of New Jersey. Plaintiff is informed and believes and thereupon alleges that Hansol is doing business within this judicial district and selling the accused goods within this judicial district.

3. Plaintiff is informed and believes, and thereupon alleges that Global is a California corporation, with its principle place of business located in the City of Cerritos, State of California. Plaintiff is informed and believes and thereupon alleges that Global is doing business within this judicial district and selling the accused goods within this judicial district.

4. Plaintiff is informed and believes and thereupon alleges that Hansol wholly owns and does business as Global, and that Global is an alter ego of Hansol. Plaintiff is informed and believes and thereupon alleges, that at all times herein mentioned, there existed a unity of interest and ownership between Hansol and Global, such that any individuality and separateness between these defendants has ceased; Global was conceived, intended, and/or used by Hansol as a devise for Hansol to avoid liability; Hansol and Global comingled funds and other assets; Hansol treated Global's assets as its own, held itself out to be liable for the debts of Global, and used Global to distribute goods and merchandise to other persons or entities; Global is, and at all times herein mentioned was, controlled dominated and operated by Hansol and the two share and/or exchange officers, directors, and employees. (As such, Hansol and Global will hereinafter sometimes be referred to as "Hansol/Global") Failure to treat Hansol and Global as one and the same would sanction fraud and promote injustice.

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1           5.     Plaintiff is informed and believes and thereupon alleges that Hansol is in a joint venture  
2 relationship with Global, that the two share a joint interest in a common business, namely, distribution  
3 of commodity coated papers and other products, that the two have an understanding to share the profits  
4 and losses of this business, and that the two jointly control this business.

5           6.     Plaintiff is informed and believes and thereupon alleges that 8 NeT is a California  
6 corporation with its principal place of business located in the City of Cerritos, State of California.  
7 Plaintiff is informed and believes and thereupon alleges that 8 NeT is doing business within this judicial  
8 district and buying/selling the accused goods within this judicial district.

9           7.     The true names or capacities of all Defendants Does 1 to 100 are unknown to Plaintiff  
10 who sues them by such fictitious names under *Cal. Code Civ. Proc.* § 474. Each Defendant Doe caused  
11 Plaintiff injury and damage. Plaintiff will amend the Complaint to allege the true names and capacities  
12 of Defendants, whether individual, corporate, associate or otherwise, when the same have been  
13 ascertained. Plaintiff is informed and believes and based on that information and belief alleges that each  
14 fictitiously named Defendant is in some manner responsible for the damages alleged.

15           8.     Plaintiff is informed and believes and thereupon alleges that Defendants and each of them  
16 are agents, partners, joint venturers, and employees of each other at all times mentioned herein and have  
17 acted in the course and scope of such agency, partnership, or employment.

18           9.     Pursuant to 28 U.S.C. § 1331, the district courts shall have original jurisdiction of all civil  
19 actions arising under the Constitution, laws, or treaties of the United States. Jurisdiction over antitrust  
20 claims is given to the federal district courts pursuant to 28 U.S.C. § 1337(a), whereby the district courts  
21 shall have original jurisdiction of any civil act or proceeding arising out of any Act of Congress  
22 regulating commerce or protecting trade and commerce against restraints and monopolies. Pursuant to  
23 15 U.S.C. § 1221, the district courts shall have original jurisdiction of all actions arising under the  
24 Lanham, or Trademark, Act, without regard to the amount in controversy or to diversity or lack of  
25 diversity of the citizenship of the parties.

26           10.    Plaintiff is informed and believes, and thereupon alleges that the above-entitled Court is  
27 the proper Court for this action.

28           11.    All paragraphs are incorporated by reference in all other paragraphs herein.

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## DEFINITIONS

12. "Commodity coated paper" shall mean white papers made from wood fibers and coated with clay coating surfaces so as to increase ink holdout, reduce dot-gain, and provide for accurate surfaces for reproduction of images. These types of papers are commonly used in magazines, posters, calendars, advertising and promotional material, and as a medium for reproduction of any image/photograph. Coated papers are primarily available in premium, also known as No. 1 coated papers, or commodity coated papers, also referred to as No. 3 coated papers. The distinguishing factors in coated papers are their brightness, also referred to as whiteness, the smoothness of the coated surfaces, the gloss factor of the coated surfaces, and their opacity. Simply stated, the difference between premium coated papers and commodity coated papers is reflected in the aforementioned qualities of the papers. The higher these qualities, the higher the grade of paper.

13. "Sole-sourced" shall mean a distributor of printing papers, such as the aforementioned coated papers, who has one primary supplier/manufacturer as its vendor. A sole-sourced distributor becomes inherently dependent upon fair, equitable, and ethical conduct by its vendor. Plaintiff is a sole-sourced distributor of commodity coated papers.

14. "Relevant market" shall mean the geographical territory within which a product is marketed and sold. Herein, the relevant market consists of the Southwestern United States, specifically California, Nevada, and Arizona.

## BACKGROUND OF PAPER INDUSTRY

15. The paper industry is the largest segment of the forest products industry. The forest products industry has long been known as the second largest industry in the United States, generating more annual revenues than all but the oil industry. The affairs of the paper industry cause material effects upon the economy of the United States. Commodity papers, such as commodity coated papers, cause a heightened effect upon the economy of the United States because nearly all businesses rely upon these papers as a tool in conducting their daily activities. Inasmuch as the United States offers the highest per capita consumption of papers in the world, the economy of this nation heavily depends upon fair, equitable, and ethical conduct by the manufacturers and distributors of papers. Accordingly, this

1 Complaint addresses fundamental concerns facing the economy and commerce in this country. Public  
 2 policy necessitates prompt and thorough review of the misconduct addressed herein, and the issuance of  
 3 orders and judgment by this Court to preclude Defendants from causing further damage in a pivotal  
 4 segment of the economy.

### 5 6 GENERAL ALLEGATIONS

7 16. From about 2007 to about May of 2012, Plaintiff purchased commodity coated papers  
 8 from Hansol/Global. Plaintiff purchases commodity coated papers on an approximate monthly basis and  
 9 is a sole-sourced distributor of Hansol paper products. Plaintiff has promoted the name Hansol, and the  
 10 products made by Hansol, throughout its relationship with Hansol/Global. Indeed, when Plaintiff started  
 11 its relationship with Hansol, neither Hansol nor Global was enjoying a material market share within the  
 12 Southwestern United States. Hence, Hansol/Global, through their officers, employees, and agents, such  
 13 as Jean Pak, made promises of reliability and accountability to Plaintiff, thus causing Plaintiff to engage  
 14 in the marketing and distribution of Hansol-manufactured commodity coated papers. These promises  
 15 included promises of extended credit terms, consignment inventory allocations, reliable quality and  
 16 delivery schedules, reliable pricing policies, etc.

17 17. Hansol manufactures its commodity coated paper in its home country of South Korea and  
 18 is a major manufacturer of commodity coated papers in that nation. It owns multiple manufacturing  
 19 sites/mills throughout South Korea. However, it manufactures its commodity coated papers to the same  
 20 specification at each mill. By way of example, Hansol's commodity coated papers could be compared  
 21 to products such as Coca Cola. Although the manufacturer owns and operates various bottling plants  
 22 throughout the country, the finished product is made to the same specifications and consistency.

23 18. On information and belief, Hansol also sells commodity coated papers to Plaintiff's  
 24 competitors, including, but not limited to 8 NeT. Other distributors who have purchased Hansol papers  
 25 are located in various states throughout the United States. These products are sold on both coasts and in  
 26 multiple central states.

27 19. From 2009 to 2010, Plaintiff's sales increased by approximately 81%, from \$3.3 million  
 28 to \$5.9 million. This was the result of tireless marketing and sales activities in 2007 and 2008. The

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1 market became more familiar and comfortable with Hansol papers, and the result showed in increased  
2 sales volumes.

3 20. On information and belief, in or about 2010, Hansol began selling commodity coated  
4 papers to Plaintiff's competitors, including 8 NeT, at a substantially lower price than what  
5 Hansol/Global was charging Plaintiff. In a market where average markups range between 12-16%,  
6 Hansol/Global were charging 8 NeT about 15% less for the same commodity coated papers sold to  
7 Plaintiff. This difference results in a material advantage to 8 NeT, and a material disadvantage to  
8 Plaintiff.

9 21. In or about 2010, Hansol was charging Plaintiff a higher price for commodity coated  
10 papers, than Hansol had charged Plaintiff in the past. Additionally, on information and belief, Hansol  
11 was charging Plaintiff's competitors a lesser price for the same commodity coated papers. The  
12 increased price and price variance was not supported by the market and it resulted in a severe  
13 disadvantage to Plaintiff.

14 22. From 2010 to 2011, Plaintiff's sales dropped sharply. Plaintiff, who was sustaining well  
15 over 50% annual sales growth, could not maintain its growing market share.

16 23. The reducing trend continued. From 2011 to 2012, Plaintiff's sales of commodity coated  
17 papers decreased. Accordingly, Plaintiff suffered losses as a result of the competition created by  
18 Hansol/Global.

19 24. Plaintiff sells commodity coated papers in the relevant market for a markup of about  
20 15%. Plaintiff buys these commodity coated papers at a price of about \$49.00 per hundredweight

21 25. 8 NeT sells commodity coated paper in the relevant market for approximately \$49.00 per  
22 hundredweight. Accordingly, 8 NeT is buying paper from Hansol/Global at a price that is about 15  
23 percent lower than Plaintiff's buying price.

24 26. Plaintiff cannot match 8 NeT's price for commodity coated papers without selling at a  
25 loss. Defendants have manipulated the market, created an unfair disadvantage for Plaintiff, and  
26 embarked upon bankrupting a legitimate distributor of commodity coated papers. If Defendants succeed  
27 in their mission, the market will suffer the loss of a commodity distributor. As a result, prices will  
28 increase and end-users will be forced to pay more for their products.



37. The aforementioned conduct violates 15 U.S.C. § 13(a). As a direct and proximate result of Hansol/Global's aforementioned price discrimination practices, Plaintiff has been so severely injured that it cannot compete in the relevant market; thus, Plaintiff has been damaged, in this judicial district, in an amount that shall be proven at the time of trial.

(Against Defendant 8 NeT and Does 1 to 100)

-8-



1           39.    15 U.S.C. § 13(f) sets forth in relevant part: "It shall be unlawful for any person engaged  
2 in commerce, in the course of such commerce, knowingly to induce or receive a discrimination in price  
3 which is prohibited by this section."

4           40.    On information and belief, from about 2010, to present, 8 NeT has purchased commodity  
5 coated papers from Hansol/Global.

6           41.    On information and belief, from about 2010, to present, 8 NeT has purchased commodity  
7 coated papers at a lower price than Hansol/Global has charged Plaintiff for commodity coated papers of  
8 like grade and quality. Additionally, on information and belief, 8 NeT is, and has been, aware of this  
9 fact, has specifically negotiated for this outcome, and continues to profit from the aforementioned  
10 misconduct.

11           42.    8 NeT has gained business accounts, in the relevant market, previously held by Plaintiff,  
12 because 8 NeT sells commodity coated papers to its accounts at a lower price than Plaintiff is and was  
13 able to sell commodity coated papers of like grade and quality.

14           43.    8 NeT knew or should have known that it was buying commodity coated papers from  
15 Hansol at a lower price than the price charged to Plaintiff by Hansol/Global.

16           44.    8 NeT knew or should have known that the difference in the price it was charged by  
17 Hansol/Global and the price Hansol/Global charged to Plaintiff for commodity coated papers of like  
18 grade and quality was discriminatory, unlawful, and would injure, destroy, or prevent competition  
19 between it and Plaintiff.

20           45.    The aforementioned conduct violates 15 U.S.C. § 13(f). As a direct and proximate result  
21 of 8 NeT's conduct of knowingly inducing or receiving a discriminatory price, Plaintiff has been so  
22 severely injured that it cannot compete in the relevant market; thus, Plaintiff has been damaged, in this  
23 judicial district, in an amount that shall be proven at the time of trial.

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**THIRD CAUSE OF ACTION**

**(Violation of 15 U.S.C § 1114 *et seq.* – Trademark Infringement)**

(Against Defendants Hansol and Global)

46. Plaintiff incorporates Paragraphs 1 through 45 in this cause of action as though they were fully stated within.

47. 15 U.S.C. § 1114 sets forth in relevant part:

Any person who shall, without the consent of the registrant – (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for the remedies hereinafter provided.

48. Plaintiff owns the valid and protectable trademark, “Malibu Gloss,” which it uses to label and sell its paper products. “Malibu Gloss” is a federally registered trademark, designated by serial number 77190169. The “Malibu Gloss” trademark is filed in the category of Paper Goods and Printed Material, specifically, printing papers.

49. In or about May of 2012, as a result of Hansol/Global’s demand to Plaintiff to return its inventory of commodity coated papers previously purchased by Plaintiff from Hansol/Global for approximately \$380,000.00, Plaintiff returned said inventory, which bore Plaintiff’s “Malibu Gloss” trademark. Subsequently, in or about May of 2012, Hansol/Global re-sold this trademarked paper to other distributors.

50. This use of the “Malibu Gloss” trademark by Hansol/Global was without the consent of Plaintiff and is likely to cause confusion or mistake among ordinary consumers as to the source, sponsorship, affiliation, or approval of the goods.

51. At all times mentioned herein, Hansol/Global knew that it was re-selling paper that bore Plaintiff’s trademark, “Malibu Gloss.”

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